

## Chief of Hawaii Investment Firm Jailed in \$12 Million Fraud

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HONOLULU, Sept. 30 — A few months ago Ronald Ray Rewald was spending up to \$250,000 a month on polo, ranches and a million-dollar home. He is now in state prison awaiting trial on charges of defrauding investors of up to \$12 million.

Mr. Rewald, who is 41 years old, has said he is unable to post his \$10 million bail. Only about \$2 million in assets remain in the investment firm he founded in 1978, Bishop, Baldwin, Rewald, Dillingham & Wong, according to official bankruptcy records.

Only Mr. Rewald faces criminal charges. The firm itself was charged Aug. 8 with securities fraud by the Securities and Exchange Commission.

### Keeping Up Appearances

Before Mr. Rewald's troubles began, his company issued a press release May 6 calling itself "an international financial consulting firm headquartered in Honolulu, Hawaii."

"In addition to a state and investment planning for clients," the press release went on, "the firm serves as consultants to numerous corporations and government agencies through offices in San Francisco, Los Angeles, London, Stockholm, Jakarta, Papeete, Rarotonga, Auckland, Taipei, Hong Kong, Paris, Singapore, Kailua-Kona (Hawaii) and New Delhi."

A bankruptcy trustee, Thomas Hayes, has said the firm apparently had no foreign offices but only rented places where individuals were wired money monthly to present an appearance of real operating offices.

On Aug. 9, Mr. Rewald was charged by the state with theft by deception, based on complaints filed by two investors. The complaints followed a report on Hawaii television that the state was investigating Mr. Rewald's company. He pleaded not guilty the next day.

John C. Kindschi, a former station

chief for the Central Intelligence Agency in Honolulu, said he had invested about \$300,000 in the firm, according to bankruptcy attorneys. Mr. Rewald is said to have tried, without success, to use alleged connections with the C.I.A. to prevent the Federal District Court from declaring his company bankrupt Sept. 20.

But an affidavit submitted to Federal District Judge Martin Pence by the intelligence agency said it had no connection with Mr. Rewald's firm. The affidavit said that "the C.I.A. did not cause Bishop, Baldwin, Rewald, Dillingham & Wong to be created nor has the agency at any time owned, operated, controlled or invested in" the company.

In an interview Sept. 18 with The Honolulu Advertiser, Mr. Rewald said a secret document held by the Federal District Court showed the connection with the C.I.A. and helped him "remove the blame and stigma which has been put upon me."

In declaring the firm bankrupt last week, Judge Pence said he "saw nothing in the documents to indicate that any of Mr. Rewald's slight involvement with intelligence activities explain any of the financial actions" of the company.

Several high military officers were investors in or were otherwise involved in Mr. Rewald's company and have filed claims against him in court.

They included Lieut. Gen. Eugene P. Forrester, who retired several months ago as commanding general of the Army Western Command, based in Honolulu; Lieut. Gen. Arnold Braswell, who retired recently as commander of the Pacific Air Forces, also based here; and Gen. Hunter Harris, another retired Air Force officer.

Jack Wagner, a lawyer for a federally appointed bankruptcy trustee, Reynaldo Grautly, said General Harris "had an investment account" with the company and that Mr. Kindschi had

"about \$300,000 invested" in the firm.

Mr. Hayes, the temporary bankruptcy trustee before Mr. Grautly was appointed this week, took possession of half a dozen expensive automobiles, including a 1977 Excalibur worth about \$50,000, while taking inventory of Mr. Rewald's assets.

Mr. Hayes said he also found 17 ponies and other horses at the Rewald-owned Hawaii Polo Club and at a ranch Mr. Rewald operated on Oahu Island.

Mr. Wagner said he and Mr. Hayes had decided not to allow one a Rewald horse, Gucci's Command, to be entered in the Nevada Futurity, a stakes race in Reno. "Approximately 410 to 420 investors are involved, with another 20 to 30 trade creditors, such as those owed money on corporate credit cards," Mr. Wagner said.

Creditors began filing claims with the court Sept. 20. Some investors have been reluctant to come forward since the case came to light at the end of July.